SOVIET FOREIGN AID

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In this article we attempt to measure the volume of assistance given to other countries by the Soviet Union and also to estimate its real cost to the Soviet economy. Our primary concern has been to derive figures for Soviet economic aid to under-developed countries; we also present figures for military assistance and estimates of the assistance provided to other socialist countries for purposes of comparison.

In the first part of the article we present estimates of the value of credit agreements signed each year for 1955–63 by the Soviet Union and under-developed countries and by the USSR and the rest of the Soviet bloc. We also provide annual estimates of the value of drawings by these two groups of countries. Subsequently we try to assess the cost in resources foregone that this aid programme places on the Soviet economy and to allocate the USSR to its place in an 'Aid-givers' League Table'.

In writing this article we make no claims to methodological originality; nor do we claim to have access to more or more accurate information than the professional organisations already in the field. The only justification for this article must be that it is possible to extract more economic information from the material that has been released than has yet been done. Specifically, while we do not claim that the figures for drawings are accurate, we feel that our estimates of 'real cost' will complement similar studies that have been made for other countries.

I

The Soviet government itself does not provide any figures relating to the annual value of credits provided or drawn upon. As and when credit agreements are signed with other countries, the total value of the agreement and the purpose for which it is to be used are usually released to the press. A number of agencies have made a systematic collection of this information and have published their results as estimates of Soviet 'aid'.[1] The United Nations have published annual estimates since 1962,[2] the other usual source has been the US government.[3] Recently M. Caiola published two articles on the Soviet balance of payments and these also contained a great deal of information about the Soviet aid pro-

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[1] The first study of this kind was J. S. Berliner *Soviet Economic Aid*, New York, 1958.

[2] See United Nations, *International Flow of Long-Term Capital and Official Donations*, New York, 1961, and subsequent issues. At the time of writing, the most recent collection of Soviet aid figures is in *Aspects of Europe's Trade Relations with Developing Countries*, United Nations, Geneva 1964.

[3] In publications of the Joint Economic Committee of US Congress; e.g. *Annual Economic Indicators for the USSR*. Washington, 1964.

gramme.[1] Caiola has been the main source for our estimates of drawings until 1960.

The problem of coverage, which inevitably crops up with data of this kind, must be considered. We are satisfied that the coverage provided by the UN figures is substantially complete; there is a fair measure of agreement between the UN total and those used by Soviet economists.[2] Furthermore, in view of the propaganda value attached to the provision of assistance to underdeveloped countries it is unlikely that the Soviet government would fail to publicise credit agreements of any significant size. They might try to represent some forms of essentially military aid as economic assistance, but that is another matter. If the agreements are published it is legitimate to expect that the UN will include them, so that we may assume that the UN figures represent a virtually complete record of the value of agreements *signed*. This is the major source of divergence between estimates; if giving aid is a popular action for governments to engage in, cancelling it must be unpopular. Consequently we may expect very much less publicity will be given to the cancellation or modification of agreements. This would suggest that published figures on Soviet aid may contain an unidentified amount of aid that has been withdrawn. Although we have identified military assistance explicitly wherever possible, no doubt a fair amount remains classed as economic aid especially for the years 1961–3, for which least information is available. As stated above, our estimates are based primarily on Caiola, but we have cross-checked with other sources wherever possible. We have only included amounts for which we have been able to identify both country and date. His articles are concerned with the Soviet balance of payments for the period 1955–60, but we have extended our series up to 1963 from other sources. A detailed list of reasons why we included or excluded every single figure is certainly beyond the scope of this article; and it would make very tedious reading.[3] But some general remarks are in order to indicate the caution with which the tables should be read.

The estimates are expressed in dollars; these have been obtained by converting 'exchange ruble' values at current rates of exchange. Soviet figures for aid agreements, foreign trade transactions, the balance of payments and so forth are always given in 'exchange rubles' *valiutnye rubli*. There is some evidence to suggest that the prices used by the USSR in its dealings with under-developed countries have more or less conformed to world market prices.[4] This is also true of transactions within the Soviet bloc although these prices are slightly above average (five-year) world prices;[5] we have made no adjustments to our figures to take account of these differences.

The official exchange rates used to convert *valiutnye* rubles into dollars are 4:1 for the period up to 1961 and 0.9:1 for 1961–3. The Soviet government

[1] Marcello Caiola 'Balance of Payments of the *USSR Staff Papers* vols. IX X. International Monetary Fund, Washington.

[2] See for example *Sovremennye mezhdunarodnye ekonomicheskie otnosheniya*, Moscow, 1964, p. 521, or G. M. Prokhorov, *Dve myrovye systemy i osvobodivshiesya strany*, Moscow, 1965, p. 130.

[3] A table listing agreements signed and drawings by recipient country for each of the years 1955–63 may be obtained from the authors on request.

[4] J. Horvath, 'Moscow's Aid Program: The Performance so far.' *East Europe*, November, 1963, p. 11.

[5] See M. Kaser, *Comecon*, London, 1965, ch. IX. and F. L. Pryor, *The Communist Foreign Trade System*. London. 1963. ch. V.

devalued the ruble in January 1961 because at the same time as revaluing the exchange ruble at a rate approximately four times its previous one the Soviet government increased the value of the internal ruble by a factor of ten. At the same time apparently outstanding debits and credits were adjusted to preserve their dollar values.[1]

It is important to stress that domestic ruble prices bear no relation to, and have almost no influence on exchange ruble prices. The official rate of exchange is no more than an accounting device used to present foreign trade, aid and in general all items in the balance of payments in internationally comparable units. Thus the figures for Anglo-Soviet trade in the British Trade and Navigation Accounts are roughly the same as those that appear in the Soviet Trade Returns. If the Soviet Returns used internal ruble prices it would be impossible to reconcile them with the British figures—although they would express the opportunity cost of Soviet exports somewhat more precisely. Soviet input-output tables contain entries for foreign trade in domestic prices (in quadrants II and III) but only in very aggregate form. The difference between I–0 and Soviet Trade Returns figures for 1959 (the only year for which I–0 figures are yet available) is not very large for exports but is significantly greater for imports.

	Exports	Imports
Input-output	5.3 mld rubles	9.1 mld rubles
Trade Returns	4.9 ,,	4.6 ,,

This difference is very much due to the completely different prices used in the input-output table from those in the trade returns (see B.A. Volchkov, *Ekonomika i matematicheskie metody* 3, 1966, p. 436). We only have the value aggregates given above; it is not known how the prices of the commodities making up the two totals vary. It is not possible therefore to derive estimates of the 'aid' element of exports or the 'repayment' element of imports in internal ruble prices. As a result it is meaningless to relate figures for the foreign sector to magnitudes calculated in internal rubles like national income.

Also all credit to the rest of the Soviet bloc has been recorded gross; no attempt has been made to evaluate the assistance that the countries of eastern Europe have afforded the USSR in the form of reparations, credits, disadvantageous prices and so forth. The value of such assistance was considerable—especially in the early post-war years; but its estimation would have presented us with insuperable problems.

There is another problem connected with the Soviet bloc that might conveniently be discussed at this point. Tables I and II provide our estimates of the extent of Soviet commitments for development assistance; but of course our primary concern is with aid to under-developed countries. Neither the United Nations nor the 'Development Assistance Committee'—the other major source of information about the 'rich' countries' aid effort—include any of the countries of the Soviet bloc among 'under-developed' countries (with the exception of Cuba). Should Soviet aid to these countries be included as part of its programme? So far as North Korea, North Vietnam and probably China are

[1] S. D. Sergeyev, *Ekonomicheskoye sotrudnichestvo i vzaimopomoshch sotsialisticheskikh stran*, Moscow, 1964, p. 168.

TABLE I
Credit Agreements signed by the USSR

Million dollars

	1946–54	*1955*	*1956*	*1957*	*1958*	*1959*	*1960*	*1961*	*1962*	*1963*	*Total*
Credits provided for non-Soviet bloc countries ...	7.3	2.5	283.9	343.5	445.4	786.5	556.5	1075.4	296.4	103.9	3901.3
Credits to Yugoslavia ...	154.0	—	281.5	—	—	—	—	—	—	—	435.5
Military assistance ...	72.0	125.0	90.0	25.0	—	131.0	368.0	—	—	—	811.0
	233.3	127.5	655.4	368.5	445.4	917.5	924.5	1075.4	296.4	103.9	5147.8
Credits provided for the European Soviet bloc countries	968.4	—	541.0	803.8	247.0	91.5	162.5	685.5	—	—	3499.7
Credits to North Korea, North Vietnam, Mongolia and Cuba ...	712.7[1]	99.0	50.0	135.9	39.6	50.0	528.3	239.3	100.0	—	1954.8
Credits to China	1490.9	706.6	49.9	9.8	—	—	—	360.0	—	—	2617.2
Total Soviet bloc states...	3172.0	805.6	640.9	949.5	286.6	141.5	690.8	1284.8	100.0	—	8071.7
Total...	3405.3	933.1	1296.3	1318.0	732.0	1059.0	1615.3	2360.2	396.4	103.9	13219.5

[1] Including credits to Mongolia of $225.0 mill. during the period of 1946–1956.

concerned the answer is almost certainly yes. Certainly they are no more developed than such countries as India, South Korea or Laos and these countries are included. It could be argued that Soviet aid to these countries is in some sense more 'political', intended to achieve political ends rather than to contribute to the development of the country concerned. But who can assert that there are no political *arriere-pensees* involved in the granting of aid by the United Kingdom or the United States; all the same American aid to Taiwan is included in official publications for example.[1] However, it is not clear that the east European countries should be included. It is difficult to believe that Greece is at a significantly higher level of economic development than some of the Soviet bloc countries. As for East Germany and Czechoslovakia it is quite possible that they are more developed than the Soviet Union itself; and there is little meaning in including agreements with these countries under the heading of aid to the under-developed world.

Consequently we have excluded Finland and Turkey (probably with less justification) from the figures for Soviet credits to non-bloc countries. In the last line of Table II which forms the basis of our estimates of the cost of the Soviet aid programme, we include drawings by African, Asian and Latin American non-bloc countries, drawings by the Asian bloc countries, China, North Korea, North Vietnam and Mongolia and Cuba and finally drawings by Albania, Bulgaria and Rumania. We have included the last three because they seem to be more or less on a par—in terms of development with Latin America.

Table I presents our estimates of the value of credit agreements signed by the USSR for each year from 1955 to 1963; once again may be point out that we have tried to identify loans for military purposes wherever possible but almost certainly some have escaped our notice. They have either been included as economic credits or more likely they have been excluded altogether. We put the total value of credit commitments to underdeveloped countries at the end of 1963 at 3,901 million dollars. The US government gives 3.6 billion for the period to end 1962 which is fairly close agreement.[2] Soviet sources on the other hand claim a figure of 3.3 billion dollars but this may refer to a shorter period. On the other hand we may have failed to exclude some commitments that have been cancelled. There is a significant difference between our estimate of military assistance and those of the US government—811 million dollars compared with 2 billion. The reason for this is probably that we have failed to identify a number of military agreements.[3]

Soviet sources assert that credits to the value of 8.8 billion dollars have been made available to other members of the Soviet bloc,[4] whereas we put it at a little over 8 billion dollars. Our figure for credits to China, 2,617.2 million dollars

[1] See OECD *The Flow of Financial Resources to Less-Developed Countries*, Paris, 1964, pp. 44–5.

[2] *Dimensions of Soviet Economic Power*, Joint Economic Committee of US Congress, Washington, 1962, p. 462.

[3] Our source for military credits has been Caiola. We have not been able to identitfy miliary aid to specific countries after 1960. US government sources do not provide a country by country breakdown of military assistance.

[4] S. D. Sergeyev *op. cit.*, p. 170, N. Mitrofanova 'Mezhdunarodny Sotsialisticheski kredit.' *Dengi i Kredit*, 10, 1964, p. 84.

TABLE II

Drawings on Soviet Credits 1946–63

million dollars

	1946–54	*1955*	*1956*	*1957*	*1958*	*1959*	*1960*	*1961*	*1962*	*1963*	*Total*
By non-Soviet bloc countries[1] ...	4.4	3.6	21.2	58.3	101.0	97.9	132.1	202.9	300.5	326.4	1248.3
By Yugoslavia	0.8	—	53.8	7.1	8.2	0.6	—	—	11.5	17.0	99.0
Mil. assistance	72.0	N.A.	215.0	28.0	2.0	120.0	11.0	357.0	N.A.	N.A.	805.0
Total	77.2	3.6	290.0	93.4	111.2	218.5	143.1	559.9	312.0	343.4	2152.3
By European Soviet bloc countries	972.7	70.3	113.2	543.8	305.1	183.7	218.8	120.3	168.1	209.1	2905.1
of which Albania, Bulg. and Ruman.	297.9	15.1	23.0	142.7	46.7	79.5	119.4	43.9	63.4	78.0	909.6
By N. Korea, N. Viet., Mong. & Cuba	236.0	22.5	24.0	46.4	25.0	34.8	153.8	126.5	148.0	149.0	966.0
By China	1490.9	706.6	49.9	9.8	—	—	—	—	—	—	2257.2
Total Soviet bloc countries	2699.6	799.4	187.1	600.0	330.1	218.5	372.6	246.8	316.1	358.1	6128.3
Total	2776.8	803.0	477.1	693.4	441.3	437.0	515.7	806.7	628.1	701.5	8280.6
of which:											
Total excl. more developed European Soviet bloc countries[2]	2102.0	747.8	386.9	292.3	182.9	332.8	416.3	730.3	523.4	570.4	6285.1

[1] Excluding Finland and Turkey. [2] Czechoslovakia, East Germany, Poland and Hungary.

(taken from Caiola) is higher than that found in Soviet sources—1997.6 million dollars:[1] but that for the rest of the bloc is lower. Since Soviet sources do not always give figures separately for agreements with socialist countries, a direct comparison is difficult. Again, part of the difference is probably due to the exclusion of some agreements; also Soviet writers possibly include the Soviet share of total socialist-bloc credit to North Korea of 194 million dollars in 1951–3 while we have not. They may also include the value of some 4,000 wagonloads of foodstuffs supplied to Hungary in 1956, etc.

The United Nations only publishes figures of Soviet credit commitments; the US government has published a global estimate of Soviet credit actually drawn upon, so have one or two individual authors. We have attempted to provide figures for annual drawings; this we do in Table II. From here it appears that above 31 per cent of the credit granted to non-Soviet-bloc countries including Yugoslavia had been drawn by the end of 1963. Other estimates vary between 30 per cent and 35.5 per cent.[2] The difference is almost certainly due to the treatment of military assistance. Following Caiola, we have assumed that all military aid has been used unless we have specific information to be contrary. Other figures have been taken from a variety of sources; for some countries the IMF yearbooks provided information on drawings;[3] in other cases, the content of the agreement was studied and we have attempted to identify the flow of goods in the annual Soviet trade returns;[4] in a few cases Soviet description writing was used. All this indicates how very tentative the estimates in Table II are. However some confidence can be drawn from the fact that starting from *identified* flows to individual countries the total turns out to be as close to other estimates as it does. This suggests that at least the order of magnitude is correct. Anyway we feel that the estimates will serve as a first approximation of the actual flow of resources from the USSR to the rest of the world.

II

In this section we present an estimate of the 'real cost' of the Soviet aid programme and attempt to compare it with the efforts of a number of western countries. J. A. Pincus has complained that the figures published by the main aid-giving nations tended to overstate the burden that this assistance placed on their economies; also that figures for total aid published by the DAC grossly over-estimated the value of the aid provided.[5] Although the terms on which different countries provided help differed considerably the DAC total was simply

[1] S. D. Sergeyev *op. cit.*, p. 175. The Soviet figure is higher than that given by Chou En-Lai in December 1964 of $1562m. but he also stated that there were additional costs of pay for Soviet experts and technical documentation. The margin of either $435m. or $695m. would seem high for this item; but it is difficult to assess the reliability of either Chou's figures or the Soviet ones. Chou En-Lai has also claimed that all Soviet credits were finally repaid by the first quarter of 1965. This implies a faster rate of repayment than that assumed in section II of the article. If the repayments in the period 1958–63 were ahead of schedule (as is frequently claimed) our estimates will overstate the 'real cost' of Soviet aid in this period.

[2] See *Annual Economic Indicators . . .*, p. 115; J. Horvath, *loc. cit.*, p. 10.

[3] International Monetary Fund, *Balance of Payments Yearbook*, New York, from 1955 to 1965.

[4] *Vneshnaya Torgovlya SSSR*, Moscow, annual supplements.

[5] J. A. Pincus, 'The Cost of Foreign Aid.' *Review of Economics and Statistics*, November, 1963, pp. 360–7.

the sum of the nominal values provided by its members. Aid, strictly speaking 'should only refer to the value of the subsidy implicit in the flow of resources'.[1] And yet most of the published figures on aid refer to the gross value of loans provided irrespective of the terms on which they have been provided.

Pincus himself provided a means of reconciling the various forms in which assistance was granted and a measure of the cost of aid to the donor. He suggested that the real cost of aid to the donor could be measured by '. . . the combined nominal (or market) value of all forms of aid less the discounted present value of loan repayments, discounted at a rate of interest reflecting the alternative employment of long-term capital'.[2] Broadly the same methods have been used by Little and Clifford[3] to estimate the aid content of the assistance provided by a number of 'rich' countries; we have attempted to use this measure on the flow of resources provided by the USSR. Virtually all Soviet aid is provided in the form of bilateral loans; the loans are usually tied to a specific project and are almost exclusively granted for a period of twelve years at 2½ per cent; repayment normally starts after the project has been completed or a whole plant has been installed.[4] The loans cover both plant and equipment imported from the USSR and the costs of specialists engaged on the projects.

According to Little the rate of interest charged by western 'donors' varies between 1¾ per cent and 6½ per cent while the repayment period varies from nine to thirty-six years.[5] The terms offered by the Soviet Union are not enormously different from those offered by other aid-givers.

The relative uniformity of the conditions on which the USSR provides assistance has made our task much simpler. In view of the paucity of data it would have been well nigh impossible to estimate real costs had the Soviet government used a number of different categories. As it is we have assumed that all loans have been made for a period of twelve years[6] and that they are repaid in twelve equal instalments starting three years after the date of drawing.[7] Soviet loans are typically repayable in the traditional exports of the recipient,[8] that is they are equivalent to loans repayable in borrowers' currency. In his calculations Pincus treats such loans as 80 per cent grants[9]; Little suggests that they should be treated wholly as grants.[10] We have decided not to follow the same procedure for the Soviet Union. The ruble is a non-convertible currency so that recipients would be unable to acquire rubles on the world market; further the Soviet government has a monopoly of its foreign trade and therefore can control the quantity and quality of exports it receives in repayment—it can also influence prices. Also, one of the objectives of the aid programme is to foster Soviet foreign trade whereas US loans repayable in borrower's currency cannot be used to pay for imports from borrower countries. Consequently, the value of 'tradi-

[1] I. M. D. Little and J. M. Clifford, *International Aid*, London, 1965, p. 13.
[2] J. A. Pincus, *loc. cit.*, p. 361. [3] I. M. D. Little, *op. cit.*, ch. II.
[4] *Sovremennye mezhdunarodnye . . .*, p. 245. Credits are also used to meet the costs of specialists in the recipient country and also the training of instructors, *ibid.*, p. 240, J. Horvath, *loc. cit.*, pp. 15–16.
[5] *op. cit.*, p. 63. [6] *Sovremennye mezhdunarodnye . . .*, p. 245.
[7] G. M. Prokhorov, *op. cit*, p. 130.
[8] United Nations, *International Economic Assistance to the Less Developed Countries*, New York, 1961, p. 27.
[9] J. A. Pincus, *loc. cit.*, p. 362. [10] I. M. D. Little, *op. cit.*, p. 73.

tional exports' of recipient countries to the USSR is much greater than the value of local currency to the USA for example. We have therefore not assumed any grant element in Soviet credits, although it is possible that some repayments will be used for local spending, whether for diplomatic, military or political purposes.

There remains the problem of a rate of interest reflecting the alternative employment of long-term capital. For any economy this presents difficulties, for the USSR they are almost insuperable. As an answer to this problem Pincus proposed three different ones: the marginal return on domestic long-term capital, for the USA and western Europe he suggested 5 per cent. This attempts to measure the return that could be expected on the resources if they were used at home rather than made available to poorer countries. An international lending rate: in the absence of an international market in government funds he suggested the World Bank lending rate of $5\frac{3}{4}$ per cent. Finally he suggested the return that private investors would expect to earn on funds invested in these areas, he put this at 10 per cent.[1] Little also suggests three different rates: 6 per cent which represents both the domestic return on long-term capital and the international lending rate, 10 per cent as the return expected by private investors and 15 per cent to allow for the fact that 'many of the loans currently being made will not be repaid on time and may never be repaid in full'. This rate includes a risk premium. In the absence of a market for capital in the USSR any rate chosen to reflect the domestic return on long-term capital can be little short of arbitrary. We have adopted the rates suggested by Little; this makes comparisons between the USSR and other countries more straightforward. There is some support for the assumption that 6 per cent is a reasonable approximation of the domestic long-term return on capital. It has been suggested that this will be what the state charges enterprises on their fixed capital when the 1965 economic reform is implemented.[2] Very little meaning can be attached to the 10 per cent rate in the Soviet context but we have also performed the calculations using 15 per cent. There is no reason to suppose that recipients are less likely to default on Soviet obligations than on those to other countries. Hence the inclusion of a risk premium is just as relevant on Soviet loans. While we know that the USSR

TABLE III

Real cost of Soviet Assistance to Under-developed Countries

Million dollars

	6%	15%
1955	194.1	467.4
1956	100.5	241.8
1957	75.9	182.7
1958	47.5	114.3
1959	86.4	208.0
1960	108.1	260.2
1961	189.6	456.5
1962	135.9	327.2
1963	148.0	356.5

The basic data for this table have been taken from Table 2 last row.

[1] J. A. Pincus, *loc. cit.*, p. 362; I. M. D. Little, *op. cit.*, p. 63.
[2] V. Sitnin, 'Vazhny rychag ekonomicheskogo rukovodstva.' *Ekonomicheskaya gazeta*, 1, 1966, p. 13.

allows a three-year grace-period before repayments start, we do not know whether interest is charged for this period or not. In the absence of any explicit evidence either way we have assumed that interest is charged for this period and have calculated the 'burden' accordingly. On the assumption that no interest is charged, the figures in Table III would be reduced by 9 per cent.'

Table III presents our estimate of the real cost to the Soviet Union of the assistance it has actually provided to under-developed countries for each year since 1955:[1]

Little presents a table ranking the DAC countries according to the cost of their aid as a percentage of GDP.[2] This is the most obvious satisfactory measure of the relative burden imposed by the assistance provided to the poor countries.

Unfortunately we have been unable to apply it to the Soviet Union. As we pointed out in the first part of this article, it is completely meaningless to compare the aid programme—measured in exchange rubles at world market prices—with Soviet Gross Domestic Product measured in internal rubles at Domestic prices. As a substitute we provide an estimate of the cost of the Soviet aid programme *per capita* for each year and an equivalent figure for a number of other countries for 1963. In interpreting this table it should be remembered that Soviet real *per capita* income is much lower than that of the USA. The latest statistical yearbook contains official Soviet estimates of per capita income in dollars for the USSR and a number of other countries:

	USSR	*USA*	*Italy*	*Japan*
At the official rate of exchange ...	885	1929	567	446
Allowing for price differences[1] ...	1013	1929	660	—

Source: Narodnoye Khozyaistvo SSSR v 1964, p. 89.
[1] In Russian *po sootnosheniyu tsen.*

The Soviet concept of National income has been employed (net material product has been calculated which reduces the figure for western countries by excluding the services sector.) Other independent western estimates make the difference between Soviet and US national output even greater. But even if we accept the

TABLE IV
Grant Equivalent of Soviet aid per capita of Soviet Population,[1] 1955–63, with some international comparisons[2]

	Dollars	
	Discounted at 6%	*Discounted at 15%*
1955	1.00	2.40
1956	0.38	0.90
1957	0.51	1.22
1958	0.23	0.56
1959	0.41	1.00
1960	0.51	1.23
1961	0.88	2.11
1962	0.62	1.49
1963	0.66	1.60

	Dollars	
Western Countries grant equivalent per capita 1963	*6%*	*15%*
USA	17.76	19.64
France	15.85	17.03
UK	5.02	6.44
Germany ...	3.64	5.53
Japan	0.96	1.31
Italy	0.06	0.13

[1] Soviet population figures taken from *Narodnoye Khozyaistvo SSSR v 1963*, Moscow, 1964, p. 8.
[2] Figures for other countries calculated from Little *op. cit* Table 11. In this case a one-year grace period was assumed instead by Little whereas the Soviet figures assume a three-year period.

[1] These estimates make no allowance for the possibility of Chinese repayments being ahead of schedule; see footnote 14.
[2] I. M. D. Little, *op. cit.*, p. 64.

Soviet figures at their face value this implies that the same per capita aid programme would place almost twice the 'burden' on the Soviet economy as on the American economy. The statistical yearbook also claims that Soviet gross industrial output amounted to less than 30 per cent of the US figures in 1950, 47 per cent in 1957 and over 65 per cent in 1964 so that in the mid-'fifties the burden of an equivalent aid programme would have been relatively even greater.

Table IV indicates how the Soviet contribution to economic development in Africa, Asia and Latin America has fluctuated in the last decade. It also shows how the Soviet programme compares with those of other European countries. With a per capita national income similar to that of Italy the USSR already makes a far greater contribution. However there is still some way to go before it catches up with Japan whose national income is rather less. The table also brings out how much less, per capita, is provided by the Soviet Union than the industrial powers of western Europe or the USA. Development aid is something that seems to increase very rapidly as income increases above a certain point. (One might say that it was a luxury that only 'rich' nations could afford to purchase much of.) To some extent, therefore, a continued expansion of Soviet economic aid will depend upon the government's ability to maintain a satisfactory rate of growth of per capita income at home.

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